

**CARLSBAD TOURISM BUSINESS IMPROVEMENT DISTRICT  
(CTBID) BOARD**

***MINUTES***

**March 18, 2008**

**11:00 a.m.**

**1635 Faraday Avenue, Room 173B  
Carlsbad, CA**

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***I. CALL TO ORDER:***

**11:04 a.m.**

Vice Chair Timothy Stripe called the meeting to order at 11:04 a.m.

***II. ROLL CALL:***

The Vice Chair took roll call and four Directors were present. Chair Shute and Director Becerra were absent. Mr. Paul Edmonson served as General Counsel for Mr. Ron Ball.

***III. (C) APPROVE MINUTES OF THE NOVEMBER 13, 2007 MEETING***

Mr. Cima made a motion, seconded by Mr. Canepa, to approve the minutes of the November 13, 2007 meeting. Motion carried.

***IV. (C) AB03-08-24 ACCEPT PERFORMANCE REPORTS FROM CARLSBAD CONVENTION AND VISITORS BUREAU AND SAN DIEGO NORTH CONVENTION AND VISITORS BUREAU***

Mr. Cima made a motion, seconded by Mr. Canepa, to accept the performance reports from both Bureaus for the period ending December 31, 2007. Motion carried.

***V. STAFF REPORT***

**1) Financial Report**

Mrs. Gerhardt presented a staff report to update the Board members on financial activity that has transpired since the previous meeting. (The PowerPoint slide presentation is attached to these minutes.) Assessment revenue collected by the hotels in January and remitted to the City in February was \$54,979. Occupancy rate was 62%. Comparing last year to this year, January 2007 revenue was 6.7% higher than in January 2008. This is the first time there has been a drop over the previous year on a month-to-month comparison.

Mrs. Gerhardt reported that actual revenues as of February 29, 2008 were \$509,701. Total expenditures were \$447,220. There is \$150,000 in the contingency fund.

Fiscal Year to date 2007 vs. 2008 shows revenue is down about 2% at this time compared to the prior year. Expenses are up, which included almost \$60,000 that was spent on the Positioning Study.

Financial Highlights include:

- ♦ CTBID Revenue last 12 months = \$772,000
- ♦ January 2008 CTBID revenue 6.7% decline over January 2007
- ♦ Average occupancy rate is 62% for hotels with revenue for year of \$732,000
- ♦ Average timeshare CTBID revenue is \$3,400 per month
- ♦ Current year contingency = \$150,000
- ♦ Unbudgeted reserves = \$261,000
- ♦ Total number of hotel rooms = 3,235

**ACTION:** Add an asterisk (\*) to the report that states there may be additional occupancy at hotels that are exempt and therefore not reported.

## 2) Report on "Intent to Use" filing

General Counsel Paul Edmonson explained that when applying for a trademark at the Trademark Office (TMO), the application asks whether there is "Actual Use" of a proposed trademark (e.g. logo, words, combination thereof) in commerce or there is the "Intent to Use" the proposed trademark in the future. Depending on the answer to the question depends on what box is checked on the application form.

The TMO recognizes that an applicant may want to secure a proposed trademark before it launches an ad campaign or releases a product that will be associated with the proposed trademark. The two Bureaus' concern was whether the proposed words "Carlsbad: The Friendliest Beach Town in California" was worthy of being a trademark because in the Bureaus' perspective, the proposed words that would become the City's trademark lacked creativity and appropriateness to be associated to Carlsbad.

Mr. Edmonson questioned if the Board members all agree that the brand for Carlsbad is "Carlsbad: The Friendliest Beach Town in California." He further explained that he can file a trademark application now for "Carlsbad: The Friendliest Beach Town in California" and tell the TMO that the City intends to use this trademark in the future and is securing the rights for it now. However, the application should not be filed if the City truly does not intend to use it in the future or if there is a question regarding whether this an appropriate tag line for the City.

The TMO would require the City to “disclaim” (meaning the City cannot assert exclusivity and prevent others from using) Carlsbad and California because these two words are geographic descriptors. The City would also be required to disclaim Beach Town because it is too generic.

Mr. Cima suggested the Board should not proceed with the “brand” until further study and consideration have been done. Mr. Edmonson also added that to file an Intent to Use costs \$335 per class. A decision is required as to how many classes to go into, i.e. promotional advertising, T-shirts, baseball caps, etc. He suggested when the time comes to file, it is better to move forward with mass registration of all classes at one time instead of piece meal.

**ACTION:** Table the “Intent to Use” discussion to a future meeting agenda.

3) Website update – financial information is now available on the CTBID website.

Mrs. Gerhardt showed the Board members where the CTBID web page is on the City’s main website and provided a live demonstration. The information available is: agendas and minutes; annual report; positioning study reports; monthly financial update. She provided web page statistics: 354 subscribers; 383 visitors; 90 hits for the minutes; 79 hits for the agendas.

#### **VI. AB03-08-25 PRESENTATION BY SDNCVB**

Ms. Cami Mattson, President and CEO, of the San Diego North Convention & Visitors Bureau (SDNCVB) presented an overview of their expansion plans. She distributed a handout along with the Expansion Vision Summary.

Highlights included:

- ◆ Ramp-up Timeline/Expansion Details
- ◆ FY08-09 Expanded Business Plan
- ◆ Redesigned website
- ◆ Marketing
- ◆ Public Relations ~ expanding one-on-one media calls
- ◆ Sales Calls to include: Western U.S., Canada, Texas, Chicago, Boston, New York, New Jersey, Washington, D.C.
- ◆ New Trade Shows Participation
- ◆ Partnerships
- ◆ Organizational Chart ~ adding several new positions
- ◆ Carlsbad Partnership Opportunities ~ exclusive Carlsbad Business Development Manager; Lead generation; Carlsbad site and educational tours; Carlsbad client events; Carlsbad referral program; Sales; Website/Online promotions; Advertising/Public Relations

**VII. AB0308-26 APPROVE CTBID GRANT PROGRAM**

Mrs. Gerhardt reminded the Board members that at its November 13, 2007 meeting, staff presented the results of a survey conducted on how other BID's handle funding requests. The Board directed staff to create guidelines to establish a formal grant program for the CTBID, similar to the guidelines used by Greater Philadelphia Tourism Marketing Corporation. Staff was also directed to include 5% in next year's budget to fund these grant requests.

Mrs. Gerhardt reviewed the application process and the suggested timeline that is based on a fiscal year. The organization receiving grant money is required to provide a report after the event or program is completed. The goal of funding an event or program is to increase the number of overnight stays in Carlsbad.

Mr. Cima thanked Mrs. Gerhardt for developing the guidelines and application. He suggested creating a sub-committee comprised of 6-8 members from the community including hoteliers, Arts Commissioners or Parks & Recreation Commissioners. The purpose of the sub-committee would be to review applications. Mr. Canepa prefers to have everyone on the Board involved in the selection and implementation processes.

**ACTION:** Mrs. Gerhardt will be the contact person and will advertise that these funds will be available. She will also accept the applications for the entire Board to review at a future meeting.

**ACTION:** Change the Guidelines, Section III, to reflect that grants will be awarded semi-annually; one deadline in June and another in November or December of the particular fiscal year.

**ACTION:** Change the Guidelines, Section VII, to reflect that the entire CTBID Board will review grant applications the first year and approve final grant recipients, instead of a subcommittee.

Mr. Elliott suggested that additional money can be added to the current \$40,000 allocation, if several recipients are approved.

Mr. Cima made a motion, seconded by Mr. Canepa, to accept Resolution No. 2008-1, Approving the CTBID Grant Guidelines and Application, with the modifications noted in the above **ACTION** items. Motion carried.

**VIII. AB-03-08-27 APPROVE MARKETING PLAN PROPOSAL**

Mr. Reint Reinders, Managing Director, Reint Reinders & Associates (RR&A) presented a proposal to assist the Board in crafting an effective marketing strategy and policy to guide Carlsbad tourism into the future.

Mr. Reinders and Mr. David Brudney, Principal, David Brudney & Associates, will both provide their expertise and services to the Board.

Mr. Reinders outlined the two-part proposal and how RR&A plans to execute the critical objective:

Phase I

- ♦ Timeline is four months from the time of contract signing
- ♦ Due Diligence to be performed, with 14 steps outlined
- ♦ Recommend guidelines for visitor destination marketing strategies
- ♦ Analyze several tools needed to ensure a highly functioning environment

Phase II

- ♦ After initial four months of Phase I, the set of recommendations will be available for actionable steps to go forward with RR&A's Phase II professional services
- ♦ Phase II is designed to ensure full implementation and detailed follow up on all recommendations
- ♦ Phase II is expected to last eight months
- ♦ Suggests a series of steps to include meetings, coaching, teaching, etc.

RR&A will report monthly in writing and in person to the CTBID Board.

Mr. Reinders encouraged questions from the Board members. Mr. Cima expressed concern about the current contracts with the two local Bureaus that expire on June 30, 2008 and are renewable effective July 1, 2008. The Board should be forward thinking and thoughtful of those organizations. Mr. Canepa added the contracts can be modified to shorter time periods, i.e., for three or six months if necessary.

Mr. Reinders suggested the Board might wish to appoint a sub-committee who can transact business with people on an on-going basis. Mr. Canepa asked about holding closed session meetings. Mr. Edmonson responded there is no justification for closed session meetings. Personnel matters are held in closed session, otherwise, all meetings are open to the public and anyone may attend.

Sub-committee meetings to discuss Mr. Reinders' monthly reports are open meetings, requiring a 72-hour notice. The sub-committee does not have the

authority to give consent or direction. There was discussion whether to hold sub-committee meetings or meetings with the entire Board in attendance and how to notice them and also the question of a quorum.

**ACTION:** Mr. Elliott stated that meetings can be noticed as both Board meetings and sub-committee meetings and Board members may attend as their schedules allow.

Ms. Howard-Jones made a motion, seconded by Mr. Cima, to approve Resolution No. 2008-2, authorizing the Chairperson to enter into an Agreement for Professional Services for Phase I with Reint Reinders & Associates with the following clarifications:

- ♦ Clarify the fee is not to exceed \$20,000 per month; billed on an hourly basis, calculated at 100 hours per month @ \$200 per hour. Invoices to be submitted monthly
- ♦ Agreement is Phase I for four months; Phase II may be done later
- ♦ General Counsel to draft an agreement as soon as possible for the CTBID Chair to sign
- ♦ Entire Board is authorized as sub-committee members
- ♦ Notice meetings as both Board meetings and sub-committee meetings
- ♦ Mr. Reinders to review the positioning study with the Wright Group
- ♦ Mr. Reinders to meet with the Carlsbad Convention & Visitors Bureau staff and the San Diego North Convention & Visitors Bureau staff to gain their perspective.

Motion carried.

### **IX. DISCUSSION ITEMS**

1) Consider appointing a sub-committee to develop the 2008-09 budget. Mrs. Gerhardt stated that last year the Board appointed a sub-committee that developed and recommended the following year budget to the entire Board for approval. May 20, 2008 at 1:00 p.m. is the date set for the Board to review and approve the FY 2008-09 budget.

Mrs. Gerhardt expects the sub-committee meeting would take about two hours. She will prepare a draft budget projection document. Mr. Stripe, Mr. Canepa and Mr. Cima volunteered to serve on the budget sub-committee.

**ACTION:** Mrs. Gerhardt will schedule a meeting with the sub-committee members.

### **X. NEXT MEETING**

The next regular meeting date to review the budget is already scheduled on Tuesday, May 20, 2008, at 1:00 p.m. to 3:00 p.m. at 1635 Faraday Avenue, Room 173B.

### **PUBLIC COMMENT**

Mrs. Nancy Nayudu, Chair, Carlsbad CVB Board of Directors, expressed concern that if the Board decides to enter into a contract for less than one year, it is difficult for the CCVB Board and staff to plan their travel budget to attend trade shows. She encouraged a one-year contract.

**ACTION:** Mr. Reinders suggested discussing how to extend Bureau contracts at the budget sub-committee meeting.

Ms. Howard-Jones stated her goal is to work with the existing contractors along with Mr. Reinders to improve what is already in place. Mr. Cima clarified that the Board should be analyzing and studying what processes are in place today and the consultant can assist with future decisions.

Ms. Nayudu mentioned that in the past the TOT form had a space whereby tax exempt occupancy dollars could be listed. This may help in providing more accurate occupancy numbers each month.

**ACTION:** Mrs. Gerhardt will look into this to see if the form can be modified.

### **ADJOURNMENT**

Ms. Howard-Jones made a motion, seconded by Mr. Cima, to adjourn the meeting. Vice Chair Stripe adjourned the meeting at 12:44 p.m.

Respectfully submitted,

Sheryl Keller  
Recording Secretary

# **Carlsbad Tourism Business Improvement District**

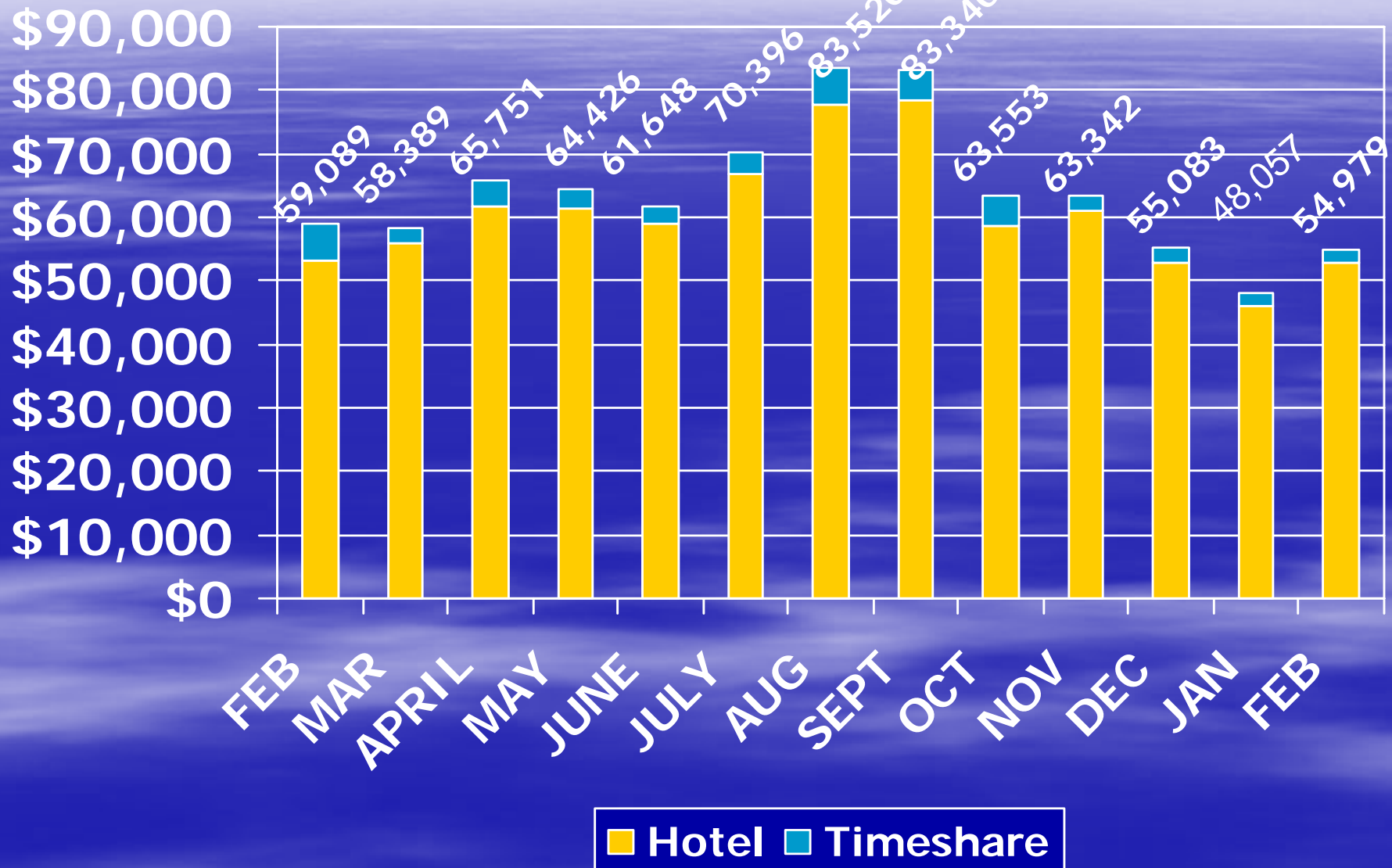
## **Financial Update**

Prepared by: Cheryl Gerhardt

March 18, 2008

# CTBID Assessment Revenue

13 month period

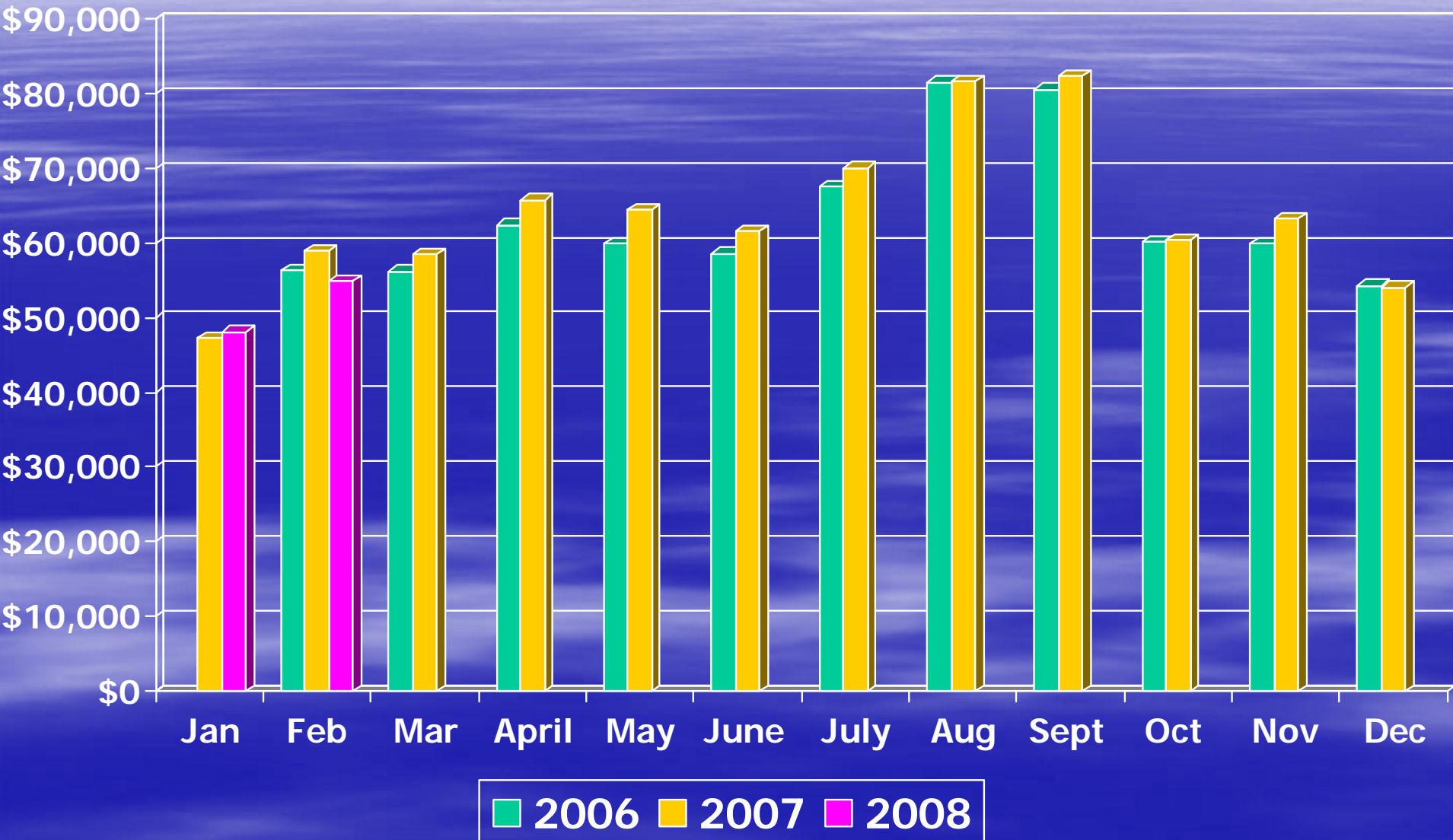


Month revenue remitted

Ave occupancy rate 62%

# CTBID Assessment Revenue

22 month period



Month revenue remitted

Ave occupancy rate 62%

# 2007-08 Budget to Actual

Program Areas	Budget	Actual 29-Feb-08	Difference
<u>Revenues:</u>			
CTBID Assessment	775,000	500,118	274,882
Interest Earnings	5,000	9,583	(4,583)
Total Estimated Revenues	780,000	509,701	270,299
<u>Expenditures:</u>			
2% Administrative Fee - City	15,500	9,530	5,970
CCVB Contract	448,800	299,200	149,600
SDNCVB Contract	110,000	73,333	36,667
Staff support	15,000	6,639	8,361
Positioning Study	61,000	58,518	2,482
Contingency	150,000	0	150,000
Total Expenses	800,300	447,220	353,080

# FYTD 2007 vs 2008

Program Areas	Actual 28-Feb-07	Actual 29-Feb-08	\$ Difference	% Difference
<u>Revenues:</u>				
CTBID Assessment	514,485	500,118	(14,366)	(2.7)
Interest Earnings	5,723	9,583	3,859	67.4
Total Estimated Revenues	520,208	509,701	(10,506)	(2.0)
<u>Expenditures:</u>				
2% Admin. Fee - City	8,582	9,530	948	11.0
CCVB Contract	238,000	299,200	61,200	25.7
SDNCVB Contract	58,334	73,333	14,999	25.7
Staff support	8,443	6,639	(1,804)	(21.2)
Positioning Study	0	58,518	58,518	100
Total Expenses	313,359	447,220	133,861	42.7

# Financial Highlights



- CTBID Revenue last 12 months \$772K
- January 2008 CTBID revenue 6.7% decline over January 2007
- Average occupancy rate 62% for hotels with revenue for year of \$732K
- Average timeshare CTBID revenue \$3,400/mo
- Current year contingency \$150,000
- Unbudgeted reserves \$261,000
- Total number of hotel rooms 3,235

# CTBID Web Page Update

- Located on City's web site
- Information available:
  - Agendas and Minutes
  - Annual Report
  - Positioning Study reports
  - Monthly Financial update
- Web page statistics:
  - 354 subscribers
  - 383 visitors
  - Minutes – 90 hits
  - Agendas – 79 hits



# CTBID Grant Program

- Makes funds available to fund projects or events that are going to increase overnight stays in Carlsbad hotels.
- Total available \$40,000 (5% of budget)
- Guidelines similar to those used by GPTMC
- Board to review grant applications the first year and approve final grant recipients (Rev. 3/18/08 after meeting)
- Board to approve guidelines and application (including timeline) to establish program